
Human Services Committee

HB 1016

Brief Description: Providing a business and occupation tax credit for the employment of individuals with developmental disabilities.

Sponsors: Representatives Haler, Green, Takko, Appleton, Conway, Morrell, P. Sullivan, McDonald, Haigh, Simpson, Dunn, Dickerson, Walsh, Roberts, Wallace, Moeller, Linville, B. Sullivan, Springer, Wood, Kenney, Williams, Hinkle, Warnick and Campbell.

Brief Summary of Bill

- Creates a business and operating tax credit for employment of persons with developmental disabilities.

Hearing Date: 1/16/07

Staff: Sonja Hallum (786-7092).

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the state. Revenues are deposited in the state General Fund. There are several rate categories, and a business may be subject to more than one B&O tax rate, depending on the types of activities conducted.

The B&O tax does not permit deductions for the costs of doing business, such as payments for raw materials and wages of employees. However, there are many exemptions for specific types of business activities and certain deductions and credits permitted under the B&O tax statutes.

The major B & O tax credits are: 1) Rural area application for B&O tax credit on new employees; 2) High technology B&O tax credit; 3) Small business B&O tax credit; 4) Multiple activities tax credit; and 5) credits for overpayments of taxes.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A credit is created for use against any B&O tax due for employers who hire individuals with developmental disabilities. The credit is equal to \$1,000 per year for each full-time employment position filled by an individual with a developmental disability. The credit may be used against any B&O tax owing, or carried over into the next fiscal year. An application is not necessary to claim the credit.

The Employment Security Department is required to provide the Department of Revenue with information to verify eligibility for the tax credit.

The Department of Revenue is required to maintain a total of all the tax credits allowed during each fiscal year. A limit of \$2 million is imposed as the maximum amount of tax credits which the Department may allow in any fiscal year for employment of individuals with developmental disabilities.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2007.